

IRS News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

www.irs.gov/newsroom

Public Contact: 800.829.1040

IRS Announces Installment Agreement User Fee Increases for Some Taxpayers

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WASHINGTON – Beginning Jan. 1, 2007, the Internal Revenue Service will implement revised user fees for installment agreements. For eligible individuals with income at or below certain levels, the fee for entering new agreements will not increase but remain at the 2006 level.

The Office of Management and Budget has directed federal agencies to charge user fees reflecting the full cost of goods or services that convey special benefits to recipients beyond those accruing to the general public. The installment agreement user fees have not been increased since first implemented in 1995. Increases in labor and other costs of processing have increased the cost of processing installment agreements.

User fees for entering into a non-direct debit installment agreement will increase from \$43 to \$105, and the fee for direct debit installment agreements will increase from \$43 to \$52.

Taxpayers with income at or below established levels, based on the Department of Health and Human Services poverty guidelines, can apply and be qualified to pay a reduced user fee of \$43 for establishing new agreements including direct debit installments. Information about requesting the reduced user fee will be included in installment agreement acceptance letter sent to individuals.

The fee for restructured or reinstated agreements will increase from \$24 to \$45 regardless of income level.